Policy Statement

on the

Delivery of Surgical Services

a discussion paper

November 17, 1999

Mission

To maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders.

This mission requires that government:

- Adhere to the principles of the *Canada Health Act*.
- Lead and support a system for the delivery of quality health services.
- Encourage and support healthy living.

Commitment to Albertans

The Government of Alberta is prepared to legislate its commitment to maintain a publicly funded and publicly administered system for the delivery of quality health services. Six key principles form the foundation of government's commitment to the publicly funded health system and will be incorporated in legislation:

Universality

Alberta's health care insurance plan entitles all Albertans to the insured physician and hospital services provided for by the plan on a fair and equitable basis.

Excellence

Alberta's health system strives for excellence in the delivery of quality services based on high standards and best practices.

Comprehensiveness

Alberta's health care plan covers all insured health services provided by hospitals and medical practitioners.

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Accessibility

Alberta's health care insurance plan provides reasonable access to medically necessary hospital and physician services without charges or other barriers, and reasonable compensation to physicians and hospitals providing insured services.

Portability

Alberta residents moving to another province continue to be covered for insured health services during any minimum waiting period imposed by the new province. Insured health services are available to insured Albertans while they are temporarily absent from Alberta.

Public Administration

Alberta's health care insurance plan is administered and operated on a non-profit basis by a public authority, responsible to the provincial government and subject to audit of its accounts and financial transactions.

Goal

A priority goal of the Government of Alberta is to sustain and improve the delivery of accessible, effective, quality health services to all Albertans who need them.

Proposed Policy

The Government of Alberta proposes the following policy with respect to the delivery of surgical services:

1. All Albertans will have access to insured surgical services on a fair and equitable basis through the publicly funded and publicly administered health system.

fair access

2. Regional Health Authorities are accountable to the Minister of Health and Wellness and responsible for assessing the needs of the population, determining priorities and allocating resources, and ensuring reasonable access to quality services.

accountability

3. Private providers of insured surgical services will operate only under the jurisdiction of a Regional Health Authority. There will be no private hospitals; there will not be a parallel health system.

no private hospitals

4. Regional Health Authorities are responsible for determining the appropriate means for delivery of <u>all</u> insured surgical services:

RHA responsibility

4.1 A Regional Health Authority may, subject to the approval of the Minister, contract with a private provider (either profit or not-for-profit) for the provision of surgical services.

contracts for insured surgical services

4.2 Contracted providers are prohibited from charging any fee (including a facility fee) to insured persons for an insured surgical service beyond those set out in the Alberta Health Care Insurance Plan. There will be no two-tier medicine and no queue jumping.

no fees

4.3 The Minister must consider the following criteria for making a decision to approve or not approve a contract for surgical services between a Regional Health Authority and a private provider:

contracts approval

a. Consistency with the Government's legislated principles and adherence to the principles of the *Canada Health Act*.
b. The current and future need within the publicly funded system for the surgical service recommended by the Regional Health Authority.
c. Impact on the publicly funded health system in Alberta, including its sustainability into the future.
d. The demonstrated net benefit of the proposed contract, including implications for accessibility and cost effectiveness.
e. The projected cost of the contract and the Regional Health Authority's ability to fund it.
f. An acceptable statement of quality results and outcomes and a commitment by both parties to measure and report to the Minister of Health and Wellness.
g. Whether or not the public interest would be served.
h. Any other factors that the Minister considers relevant.

4.4 Privately operated facilities providing insured surgical services must be accredited by the College of Physicians and Surgeons prior to delivery of services. Failure to obtain or maintain accreditation will be reason to terminate a contract.

accreditation

4.5 The Minister's rationale for approval of a contract will be open to public scrutiny.

4.6 The Minister may withdraw an approval if the conditions of approval are violated.

5. Regional Health Authorities are responsible for coordinating the delivery of uninsured surgical services requiring an extended stay by the patient. Surgical services requiring an extended stay will be determined by the College of Physician and Surgeons.

agreements for uninsured surgical services

5.1 Extended stay, uninsured surgical services may be delivered by:

a. a Regional Health Authority,
b. a private provider under an agreement, approved by the Minister, between the Regional Health Authority and the private provider.

5.2 The Minister must consider the following criteria in making a decision to approve or not approve a proposed agreement:

agreements approval

a. Consistency with the government's legislated principles.
b. Impact on the publicly funded health system in Alberta, including its sustainability into the future and any implications for compliance with the *Canada Health Act*.
c. The need within the region for the surgical service as recommended by the Regional Health Authority.
d. An acceptable statement of quality results and outcomes and a commitment by both parties to measure and report to the Minister of Health and Wellness.
e. Whether or not the public interest would be served.
f. Any other factors that the Minister considers relevant.

5.3 Privately operated facilities providing uninsured surgical services must be accredited by the College of Physicians and Surgeons prior to delivery of services. Failure to obtain or maintain accreditation will be reason to terminate an agreement.

accreditation

5.4 The Minister's rationale for approval of an agreement will be open to public scrutiny.

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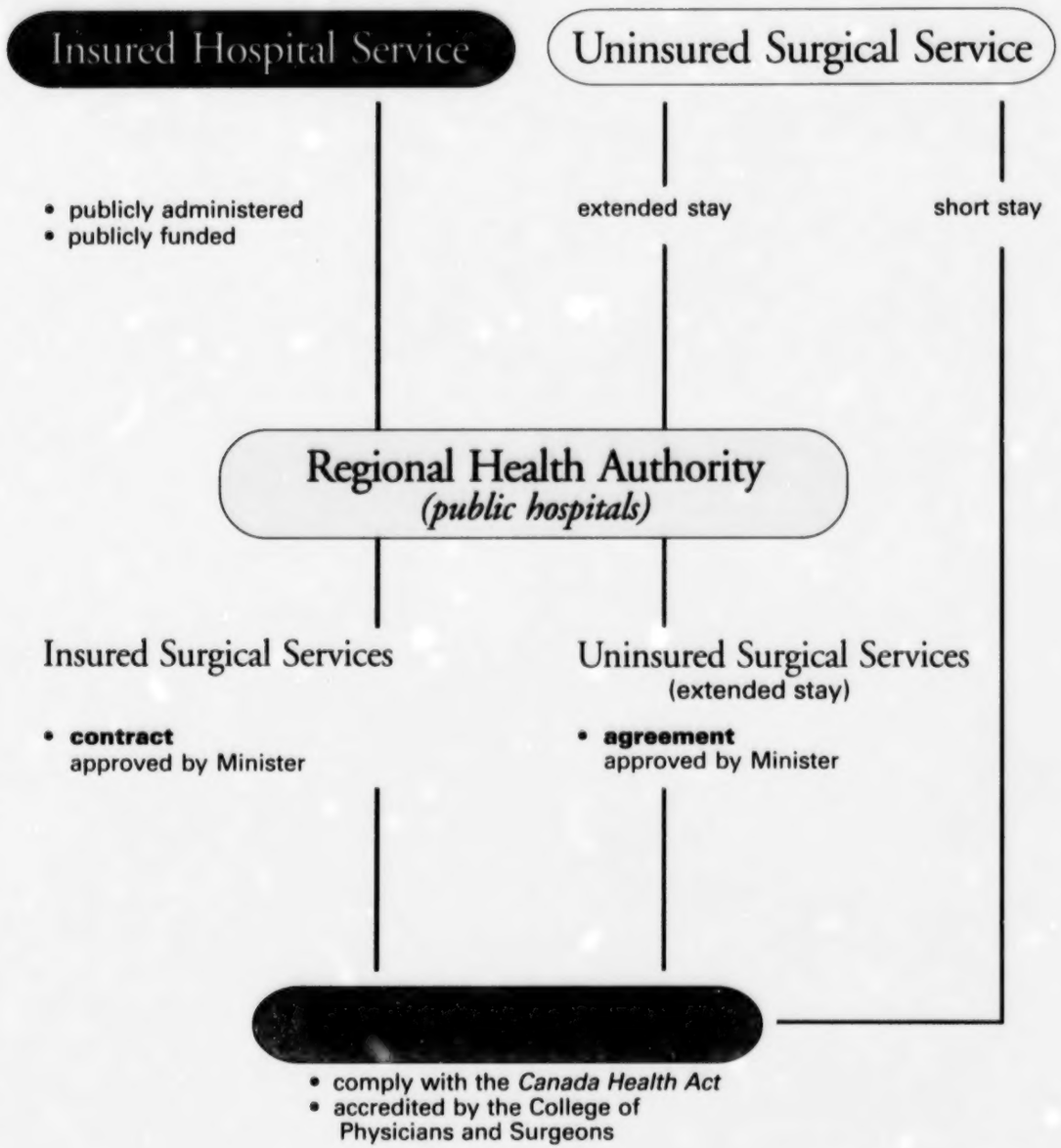

Feedback

Albertans are invited to provide their comments to the Minister of Health and Wellness before legislation is introduced for the consideration of the Legislature in Spring 2000.

Comments may be:

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Policy Statement on the Delivery of Surgical Services

questions and answers

QUESTIONS AND ANSWERS

On November 17, 1999, the Alberta Government released a Policy Statement on the Delivery of Surgical Services. The policy statement outlines the principles that will guide the development of health legislation planned for the spring 2000 session of the Alberta Legislature.

The proposed legislation would put into law Alberta's commitment to a quality publicly funded and administered health system for the province and to the principles of the *Canada Health Act*.

The proposed legislation would prohibit the development of any parallel two-tier health system in Alberta. At the same time, it would let publicly funded regional health authorities look for new and better ways to deliver health services, improve efficiency, and reduce waiting lists through limited contracts with surgical clinics to deliver some surgical services. The legislation would also ensure that no private surgical clinics operate outside of the control of the public system.

Since the Policy Statement was released, a number of questions about the proposed legislation have been raised. The following are the answers to the most frequently asked questions.

Q1 Why is the government proposing this policy?

At this time Alberta has no legal authority to regulate surgical clinics performing surgeries requiring overnight stays. This is a serious gap in the law and without legislation, there is a real possibility of a two-tier system developing. This legislation would give government the authority to protect the publicly funded health system by prohibiting, restricting or controlling private surgical clinics. It will also enable health authorities to consider all options in determining the best way to deliver publicly funded surgical services so that efficiency and access to care are maximized.

Q2 Will patients have to pay extra if publicly funded services are contracted out to surgical clinics?

No. Albertans will not have to pay for medically necessary surgical services and no person will be allowed to pay directly to obtain faster service. Facility fees charged to individual patients will not be permitted.

Q3 Who does pay if insured medical services are contracted out?

The publicly funded health system would pay, just as it does now. Under such contracts, regional health authorities (RHAs), which are funded by the province, would pay the clinics for facility costs, non-physician staff and administration. The doctors' fees are paid by the Alberta Health Care Insurance Plan as they are when the surgery is performed in a RHA hospital.

Q4 Why not just spend more money on the publicly funded system to reopen beds and wards in existing facilities instead of contracting with the surgical clinics?

Government has increased health spending very significantly in the past few years and will continue to increase spending on the publicly funded health system. Health spending increased by over $1.5 billion or 35% over the past four years, including an increase of close to 10% this year alone. Government this year is spending about $1.0 billion a year more on health than it did back in 1992-93. Alberta has never spent more on the publicly funded health system than today.

Health authorities can use the increased funding to open new beds and many have done so. In fact, government recently announced new funding of $265 million to add more long-term care beds and upgrade existing publicly funded health facilities. There would be no extra funding for contracts that an RHA might sign. Provincial funding would continue to go to the regional health authorities and the health authority would decide to use some of its funding to contract out services only if it felt that it was the most efficient and effective way to deliver those services.

Q5 Where is the proof that using these surgical clinics will save money?

The surgical clinics are not necessarily more cost efficient than public hospitals. An individual analysis would be done for each and every proposed contract. Only those that showed a net benefit to the public system when considering factors such as increased access to services and cost effectiveness and efficiency, would be approved.

Q6 How would surgical clinics make a profit if they are doing the same things done by the public system and are not able to charge the patient extra?

Surgical clinics would have to be efficient in delivering their services so that they could cover costs and salaries on the rates that the public system was willing to pay. Such cost savings might be possible because the private facility would be performing only certain surgeries. The health authority would decide how much it is willing to pay for a contract based on what is cost effective for the publicly funded system. If it is not cost effective for a health authority to contract out services, then it would not do so.

Q7 How would these contracts be more efficient?

Each proposed contract would be considered on its own merits. Contracts for publicly funded services would only be approved if they demonstrate a net benefit. If there is no net benefit through increased cost effectiveness or efficiency, or through improved access to publicly funded insured services, there would be no contract.

Q8 Why not just make the publicly funded health system more efficient?

The publicly funded health system is always looking for ways to become more efficient. Sometimes contracting out to a surgical clinic specializing in doing one or two services could be the most efficient way of delivering a service. It could free up expensive operating rooms for more complex surgeries by having services that do not require the support of a full service hospital done in a surgical clinic. It is also possible that the prospect of competition could encourage the public system to become even more efficient.

Q9 How would contracts be approved?

Before any contract between a publicly funded regional health authority and a privately operated facility would be approved by the Minister of Health and Wellness, specific criteria would need to be met, including:

- The contract would yield a net benefit to the public system considering factors such as improved access to surgical services and/or increased cost effectiveness or efficiency.
- The services to be provided were required in the region.
- The contract complied with all of the principles of the *Canada Health Act.*
- The private facility was accredited by the College of Physicians and Surgeons of Alberta.
- The regional health authority could afford to fund the proposed services within its budget.
- The contract or agreement would be in the public interest and there are no negative implications for the health system.
- The contract included acceptable statements about the results and outcomes to be achieved, performance measures and consequences for unsatisfactory performance.

Q10 Won't this policy just open the door to American companies under the North American Free Trade Agreement (NAFTA)?

Absolutely not. NAFTA contains a "carveout" or "reserve" clause that allows federal and provincial governments to protect the publicly funded health system. Similar contracts already exist in other provinces without any implications under NAFTA.

Q11 Wouldn't this policy lead to pressure by the private sector to deinsure services that are currently paid for by the publicly funded system?

Contracting with surgical clinics to deliver services on behalf of the publicly funded system has nothing to do with deinsuring services. The government has no plans to deinsure services and all contracting out would be done in accordance with the principles of the *Canada Health Act.* The *Canada Health Act* , as a condition of federal funding for health, directs that all medically necessary physician and hospital services are provincially funded and publicly administered. The Alberta Government is committed to that principle and will include it in the proposed legislation.

Q12 Once the private sector is allowed to get a foothold in Alberta won't it just be a matter of time before it expands and eventually takes over the publicly funded health system?

No parallel, private, for-profit health system will be allowed to develop in Alberta. The legislation will ensure that surgical clinics would only be able to provide services under a contract or agreement with the public system when it is in the best interests of the publicly administered, publicly funded health system. There would be no charges for patients for insured services and the publicly administered system would have total control over any private facilities.

Q13 How would patients be protected from pressures to pay for additional goods and services?

Pressuring patients to accept and pay for unnecessary goods and services is against the code of professional conduct for physicians. It is also against the law in Alberta to charge a patient to receive insured services. No patient will be refused insured services because they are unwilling to purchase enhancements. This law will be strictly enforced.

For more information:

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